SPORTS ENTERTAINMENT GROUP LIMITED

ABN 20 009 221 630

APPENDIX 4D

Interim Financial Report

for the half year ended 31 December 2023

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Appendix 4D – Results for announcement to the market

Company Details

Name of Entity	Sports Entertainment Group Limited	**Half year ended current period**	31 December 2023
ABN	20 009 221 630	**Half year ended prior period**	31 December 2022

Results for announcement to the market

	Change %		31 December 2023 $000s	31 December 2022 $000s
2.1 Revenues from ordinary activities (Continuing Operations)	Up 8%	to	**63,313**	**58,483**
2.2 EBITDA (underlying) [1] from ordinary activities (Continuing Operations)	Up 12%	to	**6,393**	**5,688**
2.3 Pre AASB 16 EBITDA (underlying) [1, 2] from ordinary activities (Continuing Operations)	Up 21%	to	**4,662**	**3,846**
2.4 (Loss) / profit from ordinary activities after tax (Continuing Operations)	Down 103%	to	**(20)**	**716**
2.5 (Loss) / profit from ordinary activities after tax attributable to members (Continuing Operations)	Down 103%	to	**(20)**	**716**

[1] Underlying result excludes once-off significant items of $0.783 million of significant abnormal costs including restructuring costs and costs relating to M&A activities.
[2] Underlying excludes the impact of application of AASB 16 Leases.

Dividends

The directors have taken the decision to not pay an interim dividend in order to retain earnings to reduce debt and strengthen working capital following the funding used to fund the Group's significant strategic growth and acquisitions in the last few financial years.

Net Tangible Asset (NTA) Backing

	31 December 2023	31 December 2022
Net tangible asset backing per ordinary security	(18.7) cents	(17.5) cents
Net asset backing per ordinary security	18.4 cents	22.1 cents

Details of associates and joint venture entities

Name of associate	Reporting entity's percentage holding		Contribution to net profit / (loss) in $000s	
	31 December 2023 %	31 December 2022 %	31 December 2023 $000s	31 December 2022 $000s
D R B Brisbane Pty Ltd	**12.50%**	**12.50%**	**7**	**5**
D R B Melbourne Pty Ltd	**9.09%**	**9.09%**	**3**	**4**
D R B Sydney Pty Ltd	**0.19%**	**0.19%**	**-**	**-**
SEG TNG News Media Pty Ltd	**50.00%**	**-**	**1**	**-**

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report. Deferred revenue as at 30 June 2023 has been reconciled and supporting documentation has been reviewed by BDO. No adjustment was required to the deferred revenue balance or revenue reported in the consolidated income statement at 30 June 2023.

Directors' Report

The directors of Sports Entertainment Group Limited ("the Company"), submit herewith the half-year financial report of the consolidated entity consisting of the Company and the entities it controlled ("the Group") for the period ended 31 December 2023. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report as follows:

Directors

The following persons held office as directors of Company during and since the end of the financial period:

Name	Particulars
Craig Coleman	Appointed Non-Executive Director and Chairman
Colm O'Brien	Appointed Non-Executive Director
Andrew Moffat	Appointed Non-Executive Director
Craig Hutchison	Appointed Chief Executive Officer & Managing Director
Chris Giannopoulos	Appointed Executive Director
Ronald Hall	Appointed as an alternative Non-Executive Director
Jodie Simm	Appointed Executive Director

Principal Activities

Sports Entertainment Group Limited is a sports media content and entertainment business, which through its other complementary business units, has capabilities to deliver brand stories to national, metropolitan and regional audiences with unique and exclusive content via multiple platforms including radio, print, television, online, in-stadium, events and sports teams.

Review of Operations

Review of financial results

Continuing Operations

- For the half year ended 31 December 2023, revenue for the Group from ordinary activities of $63.313 million was up by 8% and underlying EBITDA[1] from ordinary activities of $6.393 million was up 12% on the comparative period. The increase in revenue has been mainly driven by the complementary services and sports teams business units.

  The Group's adjusted underlying EBITDA[2] for the half year was $4.662 million, up by 21% on the comparative period.

  The underlying result excludes once-off significant items of $0.783 million of significant costs including once-off costs relating to acquisitions, and other restructuring costs including redundancy expenditure.

	31 December 2023 $'000s	31 December 2022 $'000s
Profit / (Loss) for the year before income tax	**141**	(76)
less depreciation and amortisation	**4,166**	3,943
less finance costs	**1,303**	1,145
less loss on disposal of property, plant and equipment	**56**	53
less M&A transaction costs and one-off expenses including restructuring costs	**727**	623
Underlying EBITDA from ordinary activities[1]	**6,393**	5,688
less impact of AASB 16 on rent expenses	**(1,731)**	(1,842)
Adjusted Underlying EBITDA from ordinary activities[2]	**4,662**	3,846

[1]Underlying EBITDA includes the application of AASB16 and excludes restructuring and M&A transaction costs

[2]Adjusted underlying EBITDA excludes restructuring, M&A transaction costs and the impact of the application of AASB16

Directors' Report (continued)

Review of Operations (continued)

Review of financial results (continued)

Continuing Operations (continued)

- During the period we launched ***SEN Rockhampton (1611AM)*** bringing the total number of owned Australian stations and frequencies to 48, complemented by 135 syndicated stations and frequencies across Australia. Highlights of our programming during the half-year were:
  - continued growth in podcast downloads with ***SEN Breakfast***, ***Sportsday***, ***The Run Home with Joel and Fletch*** and ***Whateley*** regularly featuring in the Podcast Ranker;
  - dedicated NBL match coverage, calling all home games for ***Perth Wildcats***, Sydney Kings, Adelaide 36ers, Tasmania Jackjumpers and Brisbane Bullets fans;
  - debut of an all-new Formula One program, ***Grid Walk***, re-affirming our commitment to motorsport after securing the ***Supercars*** rights last year; and
  - coverage of The Ashes cricket series between Australia and England, welcoming over 1.5 million users over the series with a remarkable increase in the average stream duration to 85 minutes per session (up 165%);
- In July, SEG was awarded the eight Suncorp Super Netball team licence named ***Melbourne Mavericks*** and took over the operations of the team on 1 January 2024.
- In November, SEG entered a non-binding agreement with Tab New Zealand to acquire SENZ's digital and audio businesses including the SENZ brand, app and website, and its network of 28 radio stations across 29 frequencies. A subsequent binding agreement was signed in January 2024 with completion expected to occur on 29 February 2024. For the half-year the underlying EBITDA drag associated with this business was $1.2 million.
- During the half-year the Group successfully raised $1.500 million from the sale of 3.75% of its aggregated sports teams business with funds to be used to repay debt.
- Net debt as at 31 December 2023 was $22.931 million (2022: $21.703 million). The Group has reached agreement with Commonwealth Bank of Australia to renew and extend its facilities for a further three years. The Group will repay $7.000 million in April 2024 and its new facility will be $20.000 million plus a $2.400 million working capital facility.
- Deferred revenue as at 30 June 2023 has been reconciled and supporting documentation has been reviewed by BDO. No adjustment was required to the deferred revenue balance or revenue reported in the consolidated income statement at 30 June 2023.

Significant Changes in the State of Affairs

Other than the matters referred to above, in the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the half year ended 31 December 2023.

Loss per Share

The basic loss per share for the Group was 0.59 cents (2022: 0.44 cents) and the diluted loss per share was 0.59 cents (2022: 0.44 cents). Diluted Underlying EBITDA per share was 1.95 cents (2022: 2.52 cents).

The weighted average number of ordinary shares on issue during the financial period used in the calculation of basic profit per share was 261,112,028 shares (2022: 261,112,028 shares).

Events since the end of the Financial Half Year

Acquisition of NATC License

On 1 January 2024 the Group acquired the NATC license from Netball Australia. The license will operate as Melbourne Mavericks Netball Pty Ltd.

Placement of Shares

On 14 February 2024 Sports Entertainment Group issued 3,636m shares as announced to the market on the ASX.

Renewal of Loan Facility

In February 2024 the Group has reached agreement with the Commonwealth Bank of Australia to renew and extend its facilities for a further period of three years. The total of the new facility will be $20.000 million plus access to a $2.400 million working capital facility (previously $28.700 million) and will have a maturity date of 31 March 2027. A condition of the renewed facility is the repayment of debt to reduce the facility limit which is expected to occur by 30 April 2024.

Directors' Report (continued)

Events since the end of the Financial Half Year (continued)

Sale of SENZ Digital and Audio Business

On 10 January 2024 Sports Entertainment NZ Limited (SEN NZ) entered into a binding agreement with TAB New Zealand (TABNZ) to acquire SEN NZ's Digital and audio Businesses. The details of which have been reflected in Note 8.

Except for the matters listed above, there have been no other matters or circumstances occurring subsequent to the end of the half-year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely Developments and Expected Results of Operations

Certain information regarding likely developments in the operations of the Group in future financial years is set out above or elsewhere in the Financial Report. The disclosure of other information other than what is disclosed, regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group or any entity that is part of the Group. Accordingly, the directors have chosen not to disclose this information in this report.

Dividends

The directors have taken the decision to not pay a final dividend in order to retain earnings to reduce debt and strengthen working capital following the funding used to fund the Group's significant strategic growth and acquisitions in the last few financial years.

Auditor's Independence Declaration

The auditor's independence declaration for the half year ended 31 December 2023 as required under Section 307(c) of the Corporations Act 2001 has been received and is located on page 5.

Proceedings on behalf of the Company

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Rounding of Amounts

In accordance with ASIC Legislative Instrument 2016/191, amounts shown in the Directors' Report and the financial report have been rounded off to the nearest thousand dollars.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Directors,

Craig Coleman

Chairman

Melbourne, 28 February 2024

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DECLARATION OF INDEPENDENCE BY BENJAMIN LEE TO THE DIRECTORS OF SPORTS ENTERTAINMENT GROUP LIMITED

As lead auditor for the review of Sports Entertainment Group Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Sports Entertainment Group Limited and the entities it controlled during the period.

Benjamin Lee
Director

BDO Audit Pty Ltd

Melbourne, 28 February 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Sports Entertainment Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report Sports Entertainment Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO

Benjamin Lee
Director

Melbourne, 28 February 2024

Directors' Declaration

In the opinion of the Directors of Sports Entertainment Group Limited

a) the financial statements and notes set out on pages 9 to 24 are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023, and of its performance for the half year ended on that date; and

  (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and other mandatory professional reporting requirements; and

b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001

On behalf of the Directors,

Craig Coleman

Chairman

Melbourne, 28 February 2024

Consolidated statement of profit or loss and other comprehensive income for the financial half year ended 31 December 2023

	Notes	31 December 2023	31 December 2022
Revenue from continuing operations	**2**	**63,313**	58,483
Sales and marketing expenses		(22,054)	(26,366)
Occupancy expenses		(766)	(690)
Administration expenses		(5,155)	(5,157)
Technical expenses		(18,210)	(13,405)
Production / creative expenses		(10,477)	(6,654)
Corporate expenses		(269)	(532)
Loss on disposal of property, plant, and equipment		(56)	(53)
Restructuring and transaction costs		(727)	(623)
Depreciation and amortisation		(4,166)	(3,943)
Finance costs		(1,303)	(1,145)
Share of net profit of associates using equity method		11	9
Expenses from continuing operations		**(63,172)**	**(58,559)**
Profit / (Loss) for the half year before income tax from continuing operations		**141**	(76)
Income tax (expense) / benefit		(161)	792
(LOSS) / PROFIT AFTER INCOME TAX FROM CONTINUING OPERATIONS		(20)	716
LOSS AFTER INCOME TAX FROM DISCONTINUED OPERATIONS	**8**	(1,520)	(1,877)
Loss for the half year after income tax		**(1,540)**	(1,161)
Other Comprehensive Income			
Items that will not subsequently be reclassified to profit or loss			
Equity investments at FVOCI – change in fair value		**-**	-
Items that will be subsequently reclassified to profit or loss			
Foreign operations – foreign currency translation differences		(57)	72
Other comprehensive income net of tax		**(57)**	72
TOTAL COMPREHENSIVE INCOME NET OF TAX OF CONTINUING OPERATIONS		**(77)**	788
TOTAL COMPREHENSIVE INCOME NET OF TAX OF NON CONTINUING OPERATIONS		**(1,520)**	(1,877)
Total Comprehensive income for the half year		**(1,597)**	(1,089)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated statement of profit or loss and other comprehensive income for the financial half year ended 31 December 2023 (continued)

	Notes	31 December 2023	31 December 2022
Loss attributable to:			
Owners of Sports Entertainment Group Limited		(1,540)	(1,161)
Non-Controlling Interests		-	-
Loss per share attributable to the owners			
Basic (cents per share)	**3**	**(0.59)**	(0.44)
Diluted (cents per share)	**3**	**(0.59)**	(0.44)
(Loss) / Earnings per share attributable to the owners from continuing operations			
Basic (cents per share)	**3**	**(0.01)**	0.27
Diluted (cents per share)	**3**	**(0.01)**	0.27
Loss per share attributable to the owners from non-continuing operations			
Basic (cents per share)	**3**	**(0.58)**	(0.71)
Diluted (cents per share)	**3**	**(0.58)**	(0.71)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position as at 31 December 2023

	Notes	31 December 2023	30 June 2023
Current Assets			
Cash and cash equivalents		**5,078**	5,919
Trade and other receivables		**16,760**	19,245
Prepayments		**5,509**	5,495
Inventory		**372**	267
Income tax receivable		**532**	861
Asset held for sale	**8**	**3,057**	3,355
Total Current Assets		**31,308**	35,142
Non-Current Assets			
Property, plant and equipment		**13,826**	13,922
Right-of-use assets		**17,561**	16,329
Deferred tax assets		**3,783**	3,550
Investments accounted for using the equity method		**167**	132
Intangibles	**4**	**77,225**	78,494
Other non-current assets		**375**	375
Total Non-Current Assets		**112,937**	112,802
Total Assets		**144,245**	147,944
Current Liabilities			
Trade and other payables		**17,984**	20,631
Borrowings	**5**	**28,009**	28,669
Lease liabilities		**2,343**	2,334
Deferred revenue		**4,046**	5,677
Provisions		**3,146**	3,072
Liabilities held for sale	**8**	**3,907**	4,336
Total Current Liabilities		**59,435**	64,719
Non-Current Liabilities			
Borrowings	**5**	**-**	133
Lease liabilities		**18,277**	15,971
Deferred tax liability		**15,610**	15,383
Deferred revenue		**1,107**	1,824
Provisions		**983**	897
Total Non-Current Liabilities		**35,977**	34,208
Total Liabilities		**95,412**	98,927
Net Assets		**48,833**	49,017

Consolidated statement of financial position as at 31 December 2023 (continued)

Equity			
Issued capital	**6**	67,936	67,948
Reserves		1,059	(177)
Accumulated losses		(20,294)	(18,754)
Equity attributable to the owners of Sports Entertainment Group Limited		48,701	49,017
Non-controlling interest		132	-
Total Equity		**48,833**	49,017

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity for the financial year ended 31 December 2023

	Notes	Issued Capital $'000s	Other Reserve $'000s	Share Based Payment Reserve $'000s	Foreign Currency Translation Reserve $'000s	Accumulated Losses $'000s	NCI $'000s	Total Equity $'000s
Total Equity at 1 July 2023		**67,948**	**-**	**75**	**(252)**	**(18,754)**	**-**	**49,017**
Comprehensive income								
Loss after income tax		**-**	**-**	**-**	**-**	**(1,540)**	**-**	**(1,540)**
Partial divestment of Non-Controlling Interest in subsidiary		**-**	**1,368**				**132**	**1,500**
Exchange difference on translation of foreign operations		**-**	**-**	**-**	**(57)**	**-**	**-**	**(57)**
Total comprehensive income		**-**	**1,368**	**-**	**(57)**	**(1,540)**	**132**	**(97)**
Transactions with owners in their capacity as owners								
Issue of Share Capital		**-**	**-**	**-**	**-**	**-**	**-**	**-**
Share issue costs	**6**	**(12)**	**-**	**-**	**-**	**-**	**-**	**(12)**
Share based payments		**-**	**-**	**(75)**	**-**	**-**	**-**	**(75)**
Total Transactions with owners in their capacity as owners		**(12)**	**-**	**(75)**	**-**	**-**	**-**	**(87)**
Total Equity at 31 December 2023		**67,936**	**1,368**	**-**	**(309)**	**(20,294)**	**132**	**48,833**
Total Equity at 1 July 2022		67,986	-	601	(246)	(9,460)	-	58,881
Comprehensive income								
Profit after income tax		-	-	-	-	(9,294)	-	(9,294)
Exchange difference on translation of foreign operations		-	-	-	(6)	-	-	(6)
Total comprehensive income		-	-	-	(6)	(9,294)	-	(9,300)
Transactions with owners in their capacity as owners								
Share issue costs	**6**	(38)	-	-	-	-	-	(38)
Share based payments		-	-	(526)	-	-	-	(526)
Total Transactions with owners in their capacity as owners								
Total Equity at 30 June 2023		67,948	-	75	(252)	(18,754)	-	49,017

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows for the financial half year ended 31 December 2023

	Notes	31 December 2023	31 December 2022
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		77,691	75,039
Payments to suppliers and employees (inclusive of GST)		(75,431)	(66,955)
Interest and other costs of finance paid		(857)	(753)
Interest on lease liabilities		(488)	(372)
Income taxes received / (paid)		175	(1,326)
Net operating cash flows provided by operating activities		**1,090**	5,633
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**-**	1,431
Payment for property, plant and equipment		**(1,654)**	(2,852)
Payment for intangible assets – radio licences		**-**	(643)
Payment for intangible assets – computer software		**(10)**	(35)
Payment for the acquisition of 4KQ		**-**	(12,000)
Sale of Non controlling interest in SEG Teams Pty Ltd		**1,500**	-
Net cash used in investing activities		**(164)**	(14,099)
Cash flows from financing activities			
Payment of share issue costs		**(12)**	(21)
Proceeds from borrowings		**-**	3,000
Repayment of borrowings		**(740)**	(1,500)
Repayment of lease liabilities		**(992)**	(1,780)
Net cash used in financing activities		**(1,744)**	(301)
Net decrease in cash and equivalents		**(818)**	(8,767)
Cash and cash equivalents at the beginning of the half year		**5,919**	12,627
Effects of exchange rate changes on cash and cash equivalents		**(23)**	(21)
Cash and cash equivalents at the end of the half year		**5,078**	3,839

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. In addition, significant and other accounting policies that summarise the measurement basis used and that are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

The financial statements are for the consolidated entity consisting of Sports Entertainment Group Limited ("the Company") and its subsidiaries ("the Group").

Basis of Preparation

This general purpose half-year financial report has been prepared by a for-profit entity in accordance with AASB 134 "Interim Financial Reporting" and the Corporations Act 2001.

Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

The financial statements are for the consolidated entity, comprising Sports Entertainment Group Limited and its subsidiaries.

The consolidated financial statements have been prepared under the historical cost convention, except for where applicable, the evaluation of certain non-current assets and financial instruments.

Cost is based on the valuation of consideration given. The accounting policies utilised in preparing the half-year financial report are consistent with those adopted for previous periods, but the half-year report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2023 and any public announcements made during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001 and ASX listing rules.

Where necessary, comparative figures have been adjusted to confirm changes in presentation in the current year.

Statement of Compliance with IFRS

Australian Accounting Standards include International Financial Reporting Standards (IFRS) as adopted in Australia. The financial statements and notes of Sports Entertainment Group Limited comply with International Financial Reporting Standards (IFRS).

Going Concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. They continue to adopt the going concern basis in preparing the financial statements.

At 31 December 2023, the Group has net current liabilities of $28.127 million (30 June 2023: net current liabilities of $29.636 million), with the continuing operation of the Group generating a profit before tax of $0.141 million (31 December 2022: loss of $0.076 million) and cash inflows from operating activities of $1.09 million for the half-year then ended.

Net current liabilities incorporate borrowings of $28.009 million (Note 5) which have been classified as current at the end of the period. Current borrowings include bank debt of $27.247 million which have been classified as current due to the existing debt facility due to expire on 31 August 2024.

In assessing that the Group has adequate resources to support its going concern, key factors considered by directors are:

- In February 2024 the Group has reached agreement with the Commonwealth Bank of Australia to renew and extend its facilities for a further period of three years. The total of the new facility will be $20.000 million plus access to a $2.400 million working capital facility (previously $28.700 million) and will have a maturity date of 31 March 2027. A condition of the renewed facility is the repayment of debt to reduce the facility limit which is expected to occur by 30 April 2024.
- The Group is divesting its New Zealand audio and radio business which has contributed significantly to the recent underperformance of the Group for which the proceeds will be used to reduce debt.
- The Group received $1.500 million for a 3.75% stake in the SEN Team Pty Ltd entity within the Group.
- The Group continued to generate positive operating cash flows with an operating cash inflow of $1.090 million generated for the half-year ended 31 December 2023 (half-year ended 31 December 2023: $5.633 million).
- The Group is forecasting improved trading performance for the FY24 financial year with its core operating cost base largely normalised expecting margin to be accretive as revenue continues to grow.
- The Group's directors and management do not expect any further material acquisitions with future surplus operating cashflows to be utilised to reduce the Group's current borrowings.
- The Group raised share capital subsequent to year end (Note 10) and continues to evaluate options for raising additional capital which could assist in the reduction in the Group's borrowings.

Notes to the consolidated financial statements (continued)

1. Summary of Significant Accounting Policies (continued)

Basis of Preparation (continued)

Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Sports Entertainment Group Limited ('company') as at 31 December 2023 and the results of all subsidiaries for the half year then ended. The company and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances, and unrealised gains on transactions between entities in the consolidated entity are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities, and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Rounding of Amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191 relating to "rounding off" of amounts in the financial report.

Amounts in the financial report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, unless otherwise indicated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period, with no material impacts to be noted.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Notes to the consolidated financial statements (continued)

1. Summary of Significant Accounting Policies (continued)

Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the 30-day weighted average share price at grant. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates. The expected credit loss assessment for the interim financial period also included an additional adjustment for the current economic environment and increase risk profile in the Group's trade and other receivable balances.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives. Technically obsolete or non-strategic assets that are abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The Group tests annually at 30 June of a financial year, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment. In this interim period, the Group has assessed the recoverable amount of the Australian Broadcasting & Media CGU and the New Zealand Broadcasting & Media CGU. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Based on the results of impairment testing performed, no impairment to these cash generating units was required.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Deferred Revenue

Deferred revenue arises when the performance obligation to the customer, being the broadcast or publication of the advertising or service itself, has not occurred at the balance date.

Notes to the consolidated financial statements (continued)

2. Revenue

	31 December 2023	31 December 2022
Revenue from contracts with customers		
Media revenue	**42,767**	42,630
Complementary Services revenue	**11,291**	10,094
Sponsorship revenue	**6,651**	2,279
Membership and Ticketing revenue	**898**	2,103
Merchandise revenue	**591**	1,083
	62,198	58,189
Other revenue		
Other revenue	**1,115**	294
	1,115	294
Total Revenue	**63,313**	58,483

3. (Loss) / Earnings per share

Basic and Diluted (Loss) / Earnings per Share

The (loss) / profit and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	31 December 2023 No. '000s	31 December 2022 No. '000s
Weighted average number of ordinary shares on issued for calculation of:		
Basic ordinary shares	**261,112**	**261,112**
Diluted ordinary shares	**261,112**	**261,112**
	$'000s	**$'000s**
Loss for the half year for the Group	**(1,540)**	(1,161)
Basic loss (cents per share)	**(0.59)**	(0.44)
Diluted loss (cents per share)	**(0.59)**	(0.44)
(Loss) / Profit for the half year for continuing operations	**(20)**	716
Basic (loss) / earnings (cents per share)	**(0.01)**	0.27
Diluted (loss) / earnings (cents per share)	**(0.01)**	0.27
Loss for the half year for discontinued operations	**(1,520)**	(1,877)
Basic loss (cents per share)	**(0.58)**	(0.71)
Diluted loss (cents per share)	**(0.58)**	(0.71)

Notes to the consolidated financial statements (continued)

4. Intangible Assets

	31 December 2023 $'000s	30 June 2023 $'000s
Broadcasting & Media Australia		
Goodwill – indefinite useful life	**11,890**	11,890
Radio licences - indefinite useful life	**36,355**	36,355
Patents and trademarks – indefinite useful life	**167**	166
Broadcast rights – finite useful life	**8,242**	8,242
Broadcast rights – amortisation	**(4,739)**	(4,327)
	3,503	3,915
Supplier relationships – finite useful life	**6,467**	6,467
Supplier relationships – amortisation	**(3,719)**	(3,395)
	2,748	3,072
Customer relationships – finite useful life	**146**	146
Customer relationships – amortisation	**(110)**	(95)
	36	51
Website and computer software – finite useful life	**2,715**	2,825
Website and computer software – amortisation	**(2,000)**	(1,790)
	715	1,035
Total Broadcasting & Media Australia	**55,414**	56,484
Regional Radio Licences		
Radio licences - indefinite useful life	**468**	468
Total Regional Radio Licences	**468**	468
Publications CGU		
Goodwill – indefinite useful life	**2,408**	2,488
Brand and distribution rights – indefinite useful life	**7,958**	7,958
Total AFL Record	**10,366**	10,446
Sports Teams		
Goodwill – indefinite useful life	**2,476**	2,476
Sports team licences and trademarks – indefinite useful life	**8,124**	8,124
Total Sports Teams	**10,600**	10,600
Complimentary Services		
Talent contracts – finite useful life	**1,429**	1,429
Talent contracts – amortisation	**(1,052)**	(933)
Total Complimentary Services	**377**	496
Total Intangible Assets	**77,225**	78,494

Notes to the consolidated financial statements (continued)

5. Borrowings

	31 December 2023 $'000s	30 June 2023 $'000s
Bank loan – current	**27,247**	27,371
Other loan – current	**762**	1,298
Total current	**28,009**	28,669
Bank loan – non-current	**-**	19
Other loan – non-current	**-**	114
Total non-current	**-**	133
	28,009	28,802

Debt Maturity and Extension

The Group's debt facility with the Commonwealth bank of Australia which was due to expire on 31 August 2024. We have received credit approval to renew this revised facility.

In February 2024 the Group has reached agreement with the Commonwealth Bank of Australia to renew and extend its facilities for a further period of three years. The total of the new facility will be $20.000 million plus access to a $2.400 million working capital facility (previously $28.700 million) and will have a maturity date of 31 March 2027. A condition of the renewed facility is the repayment of debt to reduce the facility limit which is expected to occur by 30 April 2024.

As a result of the previous facility's 31 August 2024 maturity date, the debt facility has been classified as a current liability in accordance with the relevant accounting standards despite the successful extension for another 3 years being completed subsequent to the report period. The facility will revert to a non-current classification in the Statement of Financial position from the next reporting period.

Debt Covenants

The Group obtained covenant relief for the September and December quarters' gross leverage ratio covenant and fixed charge cover ratio covenant. Covenant relief confirmed that the bank would not exercise its right to request immediate settlement of the liability, however retained its legal rights.

Debt Security

CBA have first ranking security over all assets of the Company and its subsidiaries.

Debt Facility - Financial Undertakings

The agreement under which the Commonwealth Bank of Australia facilities have been made available contains financial undertakings typical for facilities of this nature.

The undertakings include financial undertakings that are to be tested at financial year end and financial half-year end based on the preceding 12-month period.

The financial undertakings relate to both leverage and interest coverage and include:

- Annual financial statements to be provided by 30 November of each calendar year;
- Group management accounts to be provided within 45 days of end of the quarter;
- Debt covenant compliance certificate to be provided within 45 days of each calendar quarter;
- Budgets for next financial year to be provided by 31 July each year; and
- ASX notices are to be advised within seven days of release to the market.

Notes to the consolidated financial statements (continued)

6. Issued Capital

Contributed Equity

	31 December 2023 No.		30 June 2023 No.	
Number of shares on issue	**261,112,028**		261,112,028	
	$'000s		$'000s	
Total amount paid on these shares	**67,936**		67,948	
	2023		2023	
	No. '000s	**$'000s**	No. '000s	$'000s
Fully Paid Ordinary Share Capital				
Balance at beginning of the period	**261,112**	**67,948**	261,112	67,986
Issue of shares – EEIP	**-**	**-**	-	-
Issue of shares – Placement	**-**	**-**	-	-
Share issue costs	**-**	**(12)**	-	(38)
Total issued shares during the period	**-**	**(12)**	-	(38)
Balance at the end of the period	**261,112**	**67,936**	261,112	67,948

Recognition and Measurement

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Terms and Conditions of Issued Capital Ordinary Shares

Ordinary shareholders have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number and amounts of paid-up shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy at a meeting of shareholders.

The fully paid ordinary shares have no par value.

7. Segment Information

The company operates in the Media industry in Australia and New Zealand. There are four operating segments – Media Australia, Media New Zealand, Complementary Services, and Sports Teams.

AASB 8 requires operating segments to be disclosed in a manner that reflects the management information reviewed by the Chief Operating Decision Makers ("CODM"). The financial performance of each segment is reviewed by CODM at the level of earnings before interest, tax, depreciation and amortisation (EBITDA), pre AASB 16 Leases adjustments.

The Company also incurs head office costs that are reviewed by the CODM separate from the four operating segments.

Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. Accordingly, reporting segments have been determined based on reporting to the CODM at reporting date, as this forms the basis of reporting to the Board (CODM).

Unallocated items

Income tax expense is not allocated to operating segments as it is not considered part of the core operations of any segment.

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board, being the CODM with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Company.

Notes to the consolidated financial statements (continued)

7. Segment Information

Intersegment transactions

Internally determined management fees are set for intersegment activities and all such transactions are eliminated on consolidation of the financial statements. The balances below include all values from the Group including discontinued operations.

31 December 2023	**Media Australia $'000s**	**Media New Zealand $'000s**	**Comple-mentary $'000s**	**Sports Teams $'000s**	**Head Office $'000s**	**Total $'000s**
Segment Revenue	**43,862**	**2,400**	**10,723**	**8,280**	**448**	**65,713**
Underlying EBITDA pre AASB 16	**8,394**	**(1,749)**	**704**	**453**	**(4,536)**	**3,266**
Rent expense adjustment from AASB 16	**940**	**275**	**120**	**35**	**636**	**2,006**
Depreciation & Amortisation	**(1,107)**	**(4)**	**(24)**	**(16)**	**(3,362)**	**(4,513)**
Earnings before interest, tax & significant items	**8,227**	**(1,478)**	**800**	**472**	**(7,262)**	**759**
Net finance cost	**(85)**	**(52)**	**0**	**(11)**	**(1,207)**	**(1,355)**
Loss on disposal of intangibles & property plant and equipment	**0**	**0**	**0**	**0**	**(56)**	**(56)**
M&A related and restructuring costs	**(308)**	**0**	**0**	**(241)**	**(178)**	**(727)**
Segment profit / (loss) before tax	**7,834**	**(1,530)**	**800**	**220**	**(8,703)**	**(1,379)**

31 December 2022	Media Australia $'000s	Media New Zealand $'000s	Comple-mentary $'000s	Sports Teams $'000s	Head Office $'000s	Total $'000s
Segment Revenue	41,152	2,454	10,028	6,949	204	60,787
Underlying EBITDA pre AASB 16	7,730	(893)	1,354	271	(5,689)	2,773
Rent expense adjustment from AASB 16	535	437	-	31	839	1,842
Depreciation & Amortisation	(2,161)	(527)	(159)	(48)	(1,790)	(4,685)
Earnings before interest, tax & significant items	6,104	(983)	1,195	254	(6,640)	(70)
Net finance cost	(111)	(39)	-	(6)	(1,051)	(1,207)
Gain on disposal of intangibles & property plant and equipment	(53)	-	-	-	-	(53)
M&A related and restructuring costs	(67)	-	-	(89)	(467)	(623)
Segment profit / (loss) before tax	5,873	(1,022)	1,195	159	(8,158)	(1,953)

Notes to the consolidated financial statements (continued)

8. Discontinued Operations

SENZ Ltd & TAB New Zealand

On the 23 November 2023 Sports Entertainment Group Limited announced via the ASX that its subsidiary Sports Entertainment NZ Limited (SEN NZ) has entered into a non-binding agreement with TAB New Zealand (TABNZ) to acquire SEN NZ's Digital and audio Businesses. As part of this deal the sale will include the SENZ brand, app, website and network of 28 Radio Stations across 29 frequencies. Total consideration for the deal is NZ$4 million. Due to the beforementioned sale, classification of the above components of the New Zealand entity have been recognised as held for sale as at 31 December 2023.

The agreement became binding on 10 January 2024 (Note 10) with completion expected to occur on 29 February 2024.

Financial Performance information	31 December 2023	31 December 2022
PROFIT AND LOSS	$'000s	$'000s
REVENUE	**2,400**	2,304
Sales and marketing expenses	**(1,800)**	(1,042)
Occupancy expenses	**(139)**	(132)
Administration expenses	**(313)**	(661)
Technical expenses	**(1,193)**	(1,065)
Production / creative expenses	**(76)**	(477)
Depreciation and amortisation	**(347)**	(742)
Finance costs	**(52)**	(62)
EXPENSES	**(3,920)**	**(4,181)**
LOSS FOR THE YEAR BEFORE INCOME TAX	**(1,520)**	**(1,877)**
Income tax expense	-	-
LOSS FOR THE YEAR AFTER INCOME TAX	**(1,520)**	**(1,877)**

Cash flow information		
Net Cash used in operating activities	**(1,120)**	(1,082)
Net Cash used in investing activities	**(11)**	(1,120)
Net Cash used in financing activities	**(520)**	(467)
Net decrease in cash attributable from discontinued operations	**(1,651)**	**(2,669)**

Carrying amount of assets and liabilities held for sale		
Property plant and equipment	**936**	1,032
Right-of-use assets	**2,121**	2,323
Total Assets	**3,057**	**3,355**
Provisions	**152**	157
Lease liabilities	**3,755**	4,179
Total liabilities	**3,907**	**4,336**

Notes to the consolidated financial statements (continued)

9. Contingent Liabilities

The Company and its subsidiaries are not engaged in any litigation proceedings, which could have a material impact on the results for future reporting periods.

10. Events subsequent to reporting date

Acquisition of NATC License

On 1 January 2024 the Group acquired the eighth NATC license from Netball Australia. The license will operate as Melbourne Mavericks Netball Pty Ltd.

Placement of Shares

On the 14 February 2024 Sports Entertainment Group issued 3.636 million shares as announced to the market on the ASX.

Renewal of Loan facility

In February 2024 the Group has reached agreement with the Commonwealth Bank of Australia to renew and extend its facilities for a further period of three years. The total of the new facility will be $20.000 million plus access to a $2.400million working capital facility (previously $28.700 million) and will have a maturity date of 31 March 2027. A condition of the renewed facility is the repayment of debt to reduce the facility limit which is expected to occur by 30 April 2024.

Sale of SENZ Digital and Audio Business

On 10 January 2024 Sports Entertainment NZ Limited (SEN NZ) entered into a binding agreement with TAB New Zealand (TABNZ) to acquire SEN NZ's Digital and audio Businesses with completion expected to occur on 29 February 2024. The details of which have been reflected in Note 8.

Except for the matters listed above, there have been no other matters or circumstances occurring subsequent to the end of the half-year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.